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### Russian Agricultural Policy and Situation Bi-Weekly Update - 10

**Report Categories:**

Agriculture in the News

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**Report Highlights:**

Second World Grain Forum Scheduled . . . GOR Adopted “Food Quality Strategy by 2030” . . .  
Japanese Entrepreneurs Seek Russian Far East Fishing Quotas . . . First Agreement on Export of  
Fish through Commodity Exchange and Auctions . . . All-Russian Agricultural Census Initiated . .  
. Federal Law 273 Amends Legislation on Retail Trade in Food Products . . . Federal Law 358  
Bans Cultivation and Breeding of Genetically Engineered Crops and Animals . . . Amendments to  
the Legislative Acts on Land . . . Amendment to the Federal Law “On Fisheries and Preservation  
of Fish and Seafood” . . . Amendments to Federal Law on the Production and Distribution of  
Ethyl Alcohol and Alcohol Products . . . Minimum Retail Price Set for Sparkling Wine . . .  
Standard for Aluminum Beverage Cans . . . Plastic Beer Bottle Size Limited . . . McDonald’s to  
Accept Russia’s National Payment Card Mir . . . State Duty Established for Wine Production on  
Small Farms . . . Russian Domestic Food Assistance Program Postponed . . . Russia Considers  
Tightening Controls on Imports of Fruit from Belarus

## **General Information:**

Welcome to the Russian Agricultural Policy and Situation Bi-Weekly Update, a summary of issues of interest to the U. S. agricultural community. The report includes information that has been garnered during travel within Russia, reported in the local media, or offered by host country officials and agricultural analysts. Press articles are included and summarized in this report. Significant issues will be expanded upon in subsequent reports from this office. Minor grammatical changes have been made for clarification.

**DISCLAIMER:** Any press summary contained herein does NOT reflect USDA's, the U.S. Embassy's, or any other U.S. government agency's point of view or official policy.

**Second World Grain Forum Scheduled:** On July 5, 2016, the Russian Ministry of Agriculture announced that the Second World Grain Forum will be held November 18 and 19, 2016 in Sochi, Russia. The program of the Forum aims to address the issues of global food security in the context of limited land and water resources, declining soil fertility and climate change, as well as increased international cooperation to maintain sustainable development of the world grain market infrastructure during economic recession. The first forum was held in 2009 in St. Petersburg as a discussion platform on issues of global food security. <http://www.mcx.ru/news/news/show/52397.355.htm>

**GOR Adopted "Food Quality Strategy by 2030":** PM Medvedev signed "The Strategy of Food Quality Improvement in the Russian Federation by 2030" ([decree No 1364-p of June 29, 2016](#)). The document was drafted by the Russian Federal Service for Surveillance on Consumer Rights Protection and Human Wellbeing ([Rospotrebnadzor](#)). The strategy's goals are to ensure the quality of food products, to promote supply and demand for high-quality food products, and to ensure compliance with consumer protection. The strategy aims to engage the business community in promoting healthy diets, particularly through the promotion of products with reduced fat, sugar and salt, as well as specialized dietary products and supplements. The document also includes language supporting the development of domestic production of food ingredients. Rospotrebnadzor and other responsible federal authorities plan to draft the strategy implementation plan by the end of 2016. <http://www.bfi-online.ru/index.html?kk=24b5a88464&msg=5249>

**Japanese Entrepreneurs Seek Russian Far East Fishing Quotas:** Fisheries was one of the topics at a recent meeting between Alexander Galushka, the Minister of the Russian Federation on the Development of the Far East, and Shigeru Murayama, the President of Kawasaki Heavy Industries Shigeru Murayama. Galushka noted proposals for new investment mechanisms in the fish processing sector and of the GOR's interest in attracting Japanese business. Galushka stated that fishing quotas will be available to Japanese investors in the future, but the businesses will be obliged to build modern factories in the Far East. [http://minvostokrazvitia.ru/press-center/news\\_minvostok/?ELEMENT\\_ID=4443](http://minvostokrazvitia.ru/press-center/news_minvostok/?ELEMENT_ID=4443)

**First Agreement on Export of Fish through Commodity Exchange and Auctions:** Specialists at the Far Eastern fish auction house developed a mechanism to export Russian fish through auctions and

commodity trading tools. The first agreement in this sphere will be signed with the Chinese province of Liaoning at the second Eastern Economic Forum to be held on September 2-3 in Primorye. On July 4, President Vladimir Putin signed the law, which amends the Federal Law "On Organized Trading" and allows foreign entities to participate in exchange transactions. This amendment was aimed primarily at futures contracts for Russian oil exports, but experts believe participants of other commodity markets will also be able to take advantage of this opportunity in the future. Nonetheless, each group of commodities will require specific preparations in the exchange.

<http://primamedia.ru/news/economics/12.07.2016/517967/pervoe-soglashenie-po-eksportu-ribi-cherez-birzhu-i-auksioni-podpishut-na-vef-vo-vla.html>

**All-Russian Agricultural Census Initiated:** The Census kicked-off on July 1, 2016 with the slogan "Farms in healthy state make a wealthy state." The Census will be conducted from July, 1 to August, 15, 2016. Data collection in the remote rural areas will continue until November, 15, 2016. Preliminary results will be released in the 4<sup>th</sup> quarter of 2017; with the publication of the final data scheduled for the 4<sup>th</sup> quarter of 2018. Interviewers will collect data directly from 45,000 agricultural enterprises (including 21,000 micro enterprises). Participation in the Census is obligatory for registered agricultural businesses. Interviewers will visit each of the 219,000 peasant (private) farms and individual entrepreneurs registered in Russia. Sample statistical methods will be used to survey 23 million backyard farms. The [survey](#) includes questions about the age and qualifications of workers, land size, types of crops, yields, fertilizers, use of borrowed funds, state subsidies, innovative operations methods, livestock and poultry inventories and productivity. The previous census (first in the history of modern Russia) was conducted in July 2006. <http://www.vshp2016.ru/news/8072/>; <http://tass.ru/ekonomika/3392779>, [RS1593 Classification of Agricultural Producers in Russia](#)

**Federal Law 273 Amends Legislation on Retail Trade in Food Products:** The Federal Law No. 273-F3 of July 03, 2016 "On Amending the Federal Law On the basis state regulation of commercial activities in the Russian Federation" and the Code of Administrative Offences was signed by The President. The main changes affected the structure of bonuses received by retailers from suppliers and terms of payments. Currently, the maximum allowable bonus is five percent of turnover (it previously was 10 percent) and it includes all possible marketing expenses, such as promotional activities, advertising, merchandising etc. Payment terms were reduced for each merchandise group:

- For products with a shelf life of 10 days and less: payments should be done in 8 days;
- For products with a shelf life of 10-30 days: payments should be done in 25 days;
- For products with a shelf life exceeding 30 days, including alcohol: payments should be done in 40 days.

The amendment will come into force 10 days after the official publication. All retailers must revise their current contracts and align them in accordance with the new requirements before January 1, 2017

<http://kremlin.ru/acts/news/52376>; <http://publication.pravo.gov.ru/Document/View/0001201607040020>

**Federal Law 358 Bans Cultivation and Breeding of Genetically Engineered Crops and Animals:** President Vladimir Putin signed [Federal Law 358 of July 3, 2016](#) "On amendments to certain legislative acts of the Russian Federation concerning improvement of the state regulation in the sphere of genetic-engineering activities." FL358 prohibits the cultivation and breeding of genetically modified plants and animals in the territory of the Russian Federation. FL358 also grants the Government the right to ban imports of genetically modified organisms intended for environmental release and (or) products derived from or containing such organisms if, based on the results of monitoring, the Government has found the

products threaten humans, animals, and/or the environment. Penalties for officials violating the law will be from 10,000 rubles to 50,000 rubles. Penalties for juridical persons violating the law will be from 100,000 rubles to 500,000 rubles. FL358 comes into force on the date of its official publication (July 4, 2016), except the article on penalties which comes into force on July 1, 2017. FAS/Moscow GAIN report is [Russia Bans Cultivation and Breeding of GE Crops and Animal 7-12-2016.pdf](#)

**Amendments to the Legislative Acts on Land:** On July 3, 2016 President Putin signed several federal laws that amend the Federal Law “On Circulation of Agricultural Land,” the Land Code of the Russian Federation, and other land-related legislative documents:

- [Federal Law 334 of July 3, 2016](#) “On Amendments to the Land Code of the Russian Federation and certain legislative acts of the Russian Federation” clarifies the term “protection of land,” edits the meaning of categories of land management and distribution of land under municipal and regional authorities;

- [Federal Law 335 of July 3, 2016](#) “On Amendments to Article 72 of the Land Code of the Russian Federation” clarifies functions of municipal authorities regarding municipal land;

- [Federal Law 336 of July 3, 2016](#) “On amendments to The Land Code and Article 10 of the Federal Law on Circulation of Agricultural Lands” replace the words “proper use of land” with the words “authorized body does not have information on the detected and un-eliminated violations of the RF legislation in cause of use of land;”

- [Federal Law 352 of July 3, 2016](#) “On Amendments to Articles 13 and 15 of the FL on the Circulation of Agricultural Lands” sets that the procedure of distribution of land shares is determined by the Government of the RF;

- [Federal Law 354 of July 3, 2016](#) “On Amendments to certain legislative acts of the Russian Federation concerning the improvement of the procedure for the withdrawal of land plots from the agricultural land category, if land is not used for its targeted purpose” specifies procedures for the withdrawal of non-used agricultural lands, including lands that are under lifetime inheritable possession, except land in orchards, gardens and dacha possession, in private households and land under real estate.

**Amendment to the Federal Law “On Fisheries and Preservation of Fish and Seafood”:** Federal Law 349 of July 3, 2016, amends the Federal Law “On Fisheries and Preservation of Fish and Seafood.” The changes introduced to the Law include:

- increase the term for fixing quotas of production (catch) of fish and seafood from 10 up to 15 years;
- allocation of up to 20 percent of quotas of production (catch) of fish and seafood for the investment purposes, including for construction of fish harvesting vessels (up to 15 percent) and fishery processing facilities (up to 5 percent);
- increase the threshold of minimum catch of fish and seafood from 50 up to 70 percent of volume of the allocated industrial quotas or coastal quotas within two years in a row.

In addition, the new amendments also include more clear differentiation and specific rules between coastal and industrial fishing. Fishermen will have a free choice of deciding between coastal and commercial harvesting. However, the new rules envisage preferential quota allocation for coastal fishing at 1.2 ratio. This rule will allow for reduced administrative barriers, as well as the delivery of a larger volume of live, better quality fish or chilled fish for domestic processing and consumption. Adoption of the bill will allow fisheries companies to undertake long-term planning of economic activity, increase catch volumes allocated by quota, promote growth of investments into the construction

of fish processing facilities and fishing vessels at Russian shipyards.  
<http://publication.pravo.gov.ru/Document/View/0001201607040152>

**Amendments to Federal Law on the Production and Distribution of Ethyl Alcohol and Alcohol Products:** [Federal Law No. 260 of July 3, 2016](#), establishes regulatory standards for the production and distribution of wines and sparkling wines with protected geographical indicators or appellation of origin. [Federal Law No. 261 of July 3, 2016](#), establishes enforcement measures preventing the production and distribution of illicit ethyl alcohol, alcoholic and alcohol-containing products.

**Minimum Retail Price Set for Sparkling Wine:** On April 27, 2016, the Russian Minister of Finance signed Order No. 55n setting a new minimum retail price for 0.75 liter bottles of sparkling wine (champagne). Effective July 26, 2016 the minimum retail price for a 0.75 liter bottle of sparkling wine is 164 rubles. <http://www.interfax.ru/russia/515813>

**Standard for Aluminum Beverage Cans:** On June 28, 2016, the Federal Agency on Technical Regulation and Metrology (Rosstandard) signed Order #717 for voluntary use of the Russian Federation national standard GOST 33748-2016 "Easy-open, deep-drawing aluminum cans." The specifications are effective March 1, 2017, and apply to aluminum cans designed for bottling beer, juices, carbonated and non-carbonated low alcohol and soft drinks.  
<http://www.gostinfo.ru/PRI/Page/GetPage?MaterialID=289126&orderByColumn=PRIKAZ&orderByDirection=D&page=1&page=2>  
<http://news.unipack.ru/60847/?rss=1>

**Plastic Beer Bottle Size Limited:** On June 23, 2016, Russian President Vladimir Putin signed Federal Law No. 202 amending Federal Law No. 171 limiting the size of a plastic beer bottle to no more than 1.5 liters (the original Russian text of the Federal Law 202r can be found on the official website at <http://publication.pravo.gov.ru/Document/View/0001201606230057>.) The restrictions apply to beer and all other alcoholic beverages and take effect on January 1, 2017, for industrial production, and from July 1, 2017, for retail sales. <http://ria.ru/society/20160623/1450374251.html>

**McDonald's to Accept Russia's National Payment Card Mir:** Beginning on July 1, 2016 all McDonald's outlets in Russia will accept payments via the Mir card. The fast-food chain is the largest restaurant chain in terms of customer volume to join the Russian National Payment Card System (NPCS) Mir. Earlier Russia's Teremok pancake chain began accepting Mir payment cards in all its restaurants in Moscow and the region. NPCS Mir was established in Russia in December 2015 to serve as an alternative to international payment systems such as American Express and MasterCard.  
<http://www.rbc.ru/business/08/07/2016/577f2fc89a7947632d18cd49?from=main>

**State Duty Established for Wine Production on Small Farms:** On July 3, 2016, Russian President Vladimir Putin signed Federal Law No. 245 amending article #333.33 of the Tax Code setting the state duty for obtaining a license for the production, storage, distribution, and retail sale of wine or sparkling wine (champagne) at small farms. The duty is set at 65,000 rubles. The duty for renewal of such licenses is set at 3,500 rubles. The original Russian text of the Order can be found on the website at <https://rg.ru/2016/07/06/vino-dok.html>

**Russian Domestic Food Assistance Program Postponed:** The launch of a proposed food assistance program for Russian citizens living below the poverty line has been postponed until at least 2018, according to the Minister of Production and Trade, Denis Manturov. The program cost RUR 240 billion (\$3.75 billion) and was designed to provide eligible citizens with a debit card for purchases of basic, domestically produced foods, excluding tobacco and alcohol. Mr. Manturov noted that the ambitious program is not currently feasible because the necessary appropriations are unlikely to gain concurrence across the relevant Ministries needed for approval in the forthcoming 3-year Federal budget.

[http://www.retail.ru/news/109855/?sphrase\\_id=1130733](http://www.retail.ru/news/109855/?sphrase_id=1130733)

**Russia Considers Tightening Controls on Imports of Fruit from Belarus:** The Russian Ministry of Agriculture has recommended to the Russian Veterinary and Phytosanitary Surveillance Service (Rosselkhoznadzor or VPSS) “to tighten controls on the import of fruit into Russia, including via the Republic of Belarus.” Federal Customs Service data shows significant increases in certain fruit imports between 2014 and 2015. Apples increased from 175,000 tons to 411,000 tons; pears from 46,000 tons to 115,000 tons; and peach and nectarine imports from 28,000 tons to 121,000 tons. Some Rosselkhoznadzor staff believe that the re-importation of Polish apples may play a role, but Rosselkhoznadzor and the Belarussian Ministry of Agriculture provided no official comment.

<http://izvestia.ru/news/620414>